

**ABBEVILLE HARBOR
AND
TERMINAL DISTRICT
Abbeville, Louisiana**

Financial Report

Years Ended December 31, 2007 and 2006

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7/30/08

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(A Corporation of Certified Public Accountants)

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Abbeville Harbor and Terminal District
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We have audited the accompanying financial statements of the business-type activities of the Abbeville Harbor and Terminal District as of and for the years ended December 31, 2007 and 2006, which comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Abbeville Harbor and Terminal District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Abbeville Harbor and Terminal District, as of December 31, 2007 and 2006, and the changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 10, 2008 on our consideration of the Abbeville Harbor and Terminal District's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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The management's discussion and analysis on pages 3 through 6, are not a required part of the basic financial statements but are supplementary information required by accounting principals generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Dannall, Sikes, Gaudes & Frederick

A Corporation of Certified Public Accountants

Abbeville, Louisiana
June 10, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

As management of the Abbeville Harbor and Terminal District (District), we offer readers this narrative overview and analysis of the financial statements of the Abbeville Harbor and Terminal District for the years ended December 31, 2007 and 2006. Please read it in conjunction with the District's financial statements, which begin on page 6.

FINANCIAL HIGHLIGHTS

The assets of the Abbeville Harbor and Terminal District exceeded its liabilities as of December 31, 2007 by approximately \$5.8 million (net assets).

During 2007, the District received FEMA reimbursement totaling \$42,380 for expenses repairing the Public Boat Launch and the By-Pass.

2008 is the first year in a multi-year program to complete Bulkheading at the Port of Vermilion's Inner Channels. These Capital projects require local share participation in addition to State Capital Outlays.

2006 presented new opportunities for the Port of Vermilion companies, post-Rita. 2007 saw a slowdown in activity for these same companies as emergency repairs were drawing to a close. This led indirectly to the demise of one venture at the Port of Vermilion and a start-up of another that did not continue.

Looking forward to 2008, contracts have been delivered and signed for C-M Offshore U.S.A. to locate at the Port of Vermilion. Preliminary work on the site has begun and C-M will begin full scale operation in September of 2008 on two large jobs. C-M is relocating its waterside activity from Alabama and Mississippi to the Port of Vermilion and will add approximately 95 jobs initially at this location.

The District has committed to awarding bulk heading of 500 feet to the North Slip which will enable an existing company to expand their operations and potentially add another 90 plus jobs.

The cost of bulk heading has risen from approximately \$2,500 per linear foot in 2005 to around \$3,700 in 2008. Matching funds from the State were appropriated at the earlier estimates and local participation of the District has increased to \$800,000 plus. This is a trend in price increased caused by storm repairs, competition for steel resources and inflation. Should either of the first two factors be negated inflation is expected to continue to increase the costs somewhat. The District will continue to pursue state funding for the remaining interior slip bulk heading.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Abbeville Harbor and Terminal District's basic financial statements. The District is a special-purpose government engaged only in business-type activities.

The basic financial statements report information about the District using full accrual accounting methods as utilized by similar business activities in the private sector. The financial statements include a statement of net assets, a statement of revenues, expenses, and changes in net assets and a statement of cash flows.

The statement of net assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of revenues, expenses, and changes in net assets presents information showing how the District's net assets changed during the year. All changes in net assets are reported as soon as the underlying event giving rise the change occurs, regardless of the timing of related cash flows.

The statement of cash flows presents changes in cash and cash equivalents from operational, financing, and investing activities. This statement presents cash receipt and disbursement information without consideration of the earnings event, when obligations arise, or depreciation of capital assets.

The basic financial statements can be found on pages 7-9 of this report.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the financial statements can be found on pages 9-15 of this report. You should read the notes before making assumptions or drawing conclusions about the District's financial condition.

FINANCIAL ANALYSIS OF THE DISTRICT

The following table presents the condensed statement of net assets as of December 31, 2007 and 2006:

Abbeville Harbor and Terminal District		
	<u>2007</u>	<u>2006</u>
Current assets	\$ 1,698,721	\$ 1,376,173
Capital assets	<u>4,171,946</u>	<u>4,216,660</u>
Total assts	<u>5,870,667</u>	<u>5,592,833</u>
 Current liabilities	 <u>68,933</u>	 <u>93,885</u>
 Net assets:		
Invested in capital assets, net of related debt	 4,171,946	 4,216,660
Restricted	-	-
Unrestricted	<u>1,629,788</u>	<u>1,282,288</u>
 Total net assets	 <u>\$ 5,801,734</u>	 <u>\$ 5,498,948</u>

The assets of the Abbeville Harbor and Terminal District exceeded its liabilities as of December 31, 2007 by approximately \$5.8 million.

As of December 31, 2007, the largest portion of the District's net assets reflects its investment in capital assets net of depreciation (\$4.2 million) consisting of land, buildings, improvements and equipment. These assets are not available for future spending. At December 31, 2007 there was no debt related to any of the capital assets.

As of December 31, 2007, the District has no restricted net assets. The \$1.6 million in unrestricted net assets may be used to meet the District's ongoing operations.

The following table shows condensed revenue and expense data for the years ended December 31, 2007 and 2006:

Abbeville Harbor and Terminal District

	2007	2006
Operating revenues	\$ 391,800	\$ 318,000
Operating expenses	<u>710,656</u>	<u>1,530,276</u>
Operating loss	(318,856)	(1,212,276)
Net nonoperating revenues (expenses)	<u>575,719</u>	<u>660,522</u>
Net loss before contributions	256,863	(551,754)
Capital contributions	<u>45,923</u>	<u>370,890</u>
Change in net assets	302,786	(180,864)
Net assets, beginning of year	<u>5,498,948</u>	<u>5,679,812</u>
Net assets, end of year	<u>\$ 5,801,734</u>	<u>\$ 5,498,948</u>

The District generates the majority of its revenue through the leasing of various lots at the Port of Vermilion. The income generated from these leases has remained fairly consistent from year to year and leasing income for the year ended December 31, 2007 was \$326,750 compared to leasing income for the year ended December 31, 2006 of \$257,061. The District also generates revenue through rental income earned by renting unused office space at the District's administrative office building. Rental income was \$48,498 for the year ended December 31, 2007, which is up \$624 from 2006.

The District's net assets increased \$302,786 at year end December 31, 2007.

CAPITAL AND DEBT ADMINISTRATION

Capital assets. The Abbeville Harbor and Terminal District's capital assets as of December 31, 2007 were \$4.2 million (net of accumulated depreciation). These balances include land, buildings, improvements and equipment.

Major capital assets included the following:

Abbeville Harbor and Terminal District
Fixed Assets as of December 31, 2007 and 2006

	2007	2006
Land	\$ 930,000	\$ 930,000
Land improvements	5,129,636	5,049,636
Bulkhead	4,376,432	4,376,432
Furniture and equipment	54,110	35,165
F.W. By Pass	253,486	253,486
Building and improvements	1,128,878	1,035,878
Boat Launch	567,455	567,454
Port improvements	98,859	98,859
Accumulated depreciation	<u>(8,366,910)</u>	<u>(8,130,250)</u>
	<u>\$ 4,171,946</u>	<u>\$ 4,216,660</u>

Long-term debt. As of December 31, 2007 and 2006, the District had no long-term debt.

REPORTS FOR INFORMATION

This financial report is designed to provide a general overview of the Abbeville Harbor and Terminal District's finances. Questions concerning this report or requests for additional information should be addressed to Mr. Jay Campbell, Executive Director, Abbeville Harbor and Terminal District, 124 North Street, Abbeville, LA 70510.

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Statements of Net Assets
December 31, 2007 and 2006

	2007	2006
ASSETS		
Cash	\$ 583	\$ 62,405
Interest-bearing deposits	1,324,946	1,016,535
Receivables:		
Ad valorem taxes	333,836	242,413
State revenue sharing	-	17,382
Other	7,571	15,786
Prepaid insurance	30,780	20,647
Other	1,005	1,005
Total Current Assets	1,698,721	1,376,173
 Fixed Assets		
Property, plant and equipment	12,538,856	12,346,910
Less accumulated depreciation	(8,366,910)	(8,130,250)
	4,171,946	4,216,660
 Total Assets	 5,870,667	 5,592,833
 LIABILITIES		
Accounts payable	61,662	87,341
Deferred income	7,271	6,544
 Total Liabilities	 68,933	 93,885
 NET ASSETS		
Invested in Capital Assets, net of debt	4,171,946	4,216,660
Restricted	-	-
Unrestricted	1,629,788	1,282,288
 Total Net Assets	 \$ 5,801,734	 \$ 5,498,948

The accompanying notes are an integral part of this statement.

ABBEVILLE HARBOR AND TERMINAL DISTRICT
 Abbeville, Louisiana
 Statements of Revenues, Expenses and Changes in Net Assets
 Years Ended December 31, 2007 and 2006

	2007	2006
OPERATING REVENUES:		
Leases and fees	\$ 391,800	\$ 318,000
OPERATING EXPENSES:		
Advertising and promotion	-	6,372
Auto expense	8,400	8,400
Board meetings	3,390	3,978
Depreciation	239,239	382,811
Dues and subscriptions	2,864	2,300
Employee retirement	6,444	6,097
Feasibility study	-	28,782
Insurance	68,729	52,802
Janitorial	6,866	5,916
Land lease	8,640	8,640
Miscellaneous	20,398	21,800
Office equipment	4,035	36,585
Office supplies	6,547	8,978
Pension	11,454	8,746
Postage	535	702
Professional fees	85,252	428,433
Rent	2,040	2,040
Repairs and maintenance	94,224	380,244
Salaries	107,409	106,030
Payroll taxes	8,413	8,419
Telephone	9,252	8,810
Utilities	16,525	13,391
Total operating expenses	710,656	1,530,276
Operating loss	(318,856)	(1,212,276)
NON-OPERATING REVENUES (EXPENSES):		
Ad valorem taxes	347,775	270,882
State revenue sharing	10,373	25,844
Interest income	52,059	43,488
Miscellaneous income	123,132	10,790
FEMA reimbursements	42,380	309,518
Total non-operating revenues	575,719	660,522
Net income before contributions	256,863	(551,754)
CAPITAL CONTRIBUTIONS:		
State of Louisiana	45,923	370,890
	45,923	370,890
Change in net assets	302,786	(180,864)
Total net assets, beginning of year	5,498,948	5,679,812
Total net assets, end of year	\$ 5,801,734	\$ 5,498,948

The accompanying notes are an integral part of this statement.

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana
Statements of Cash Flows
Years Ended December 31, 2007 and 2006

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 391,800	\$ 318,000
Payments to suppliers	(450,062)	(1,046,163)
Payments to employees and related benefits	(122,266)	(120,546)
Net cash used by operating activities	(180,528)	(848,709)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Ad valorem taxes	347,775	270,882
State revenue sharing	10,373	25,844
FEMA reimbursements	42,380	309,518
Other Income	43,131	10,790
Net cash provided by noncapital financing activities	443,659	617,034
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
State grant proceeds	45,923	370,890
Purchase of capital assets	(114,524)	-
Net cash used by capital and related financing activities	(68,601)	370,890
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on interest bearing deposits	52,059	43,488
Net increase in cash and cash equivalents	246,589	182,703
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,078,940	896,237
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,325,529	\$ 1,078,940
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:		
Operating income	\$ (318,856)	\$ (1,212,276)
Adjustments to reconcile operating loss to net cash used by operating activities		
Depreciation	239,239	382,811
Increase in accounts receivable	(65,826)	(30,232)
Increase in prepaid expenses	(10,133)	(11,413)
Increase in deferred revenues	727	1,549
Decrease in accounts payable	(25,679)	20,852
Net cash used by operating activities	\$ (180,528)	\$ (848,709)

Noncash Capital Financing Activities

A capital asset valued at \$80,000 was acquired through a lease cancellation.

The accompanying notes are an integral part of this statement.

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Abbeville Harbor and Terminal District (District) is a political subdivision of the State of Louisiana created under Louisiana Revised Statute 34:333. The District is governed by a Board of Commissioners which consists of six members who serve without compensation. Three of the members are appointed by the City of Abbeville and three members are appointed by the Vermilion Parish Police Jury. The Board is responsible for the regulation of commerce and traffic within the harbor and terminal district.

The operations of the District, which oversee the Port of Vermilion, are managed through an executive director who also services as port director. The Port is located along the Vermilion River in Vermilion Parish and contains 100 acres of land consisting of various sites available for leasing.

The accounting and reporting policies of the Abbeville Harbor and Terminal District have been prepared in conformity with generally accepted accounting principles as applied to governmental units. Such accounting and reporting procedures also conform to the guides set forth in the industry audit guide, *Audits of State and Local Governmental Units* and the *Louisiana Governmental Audit Guide*. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing accounting and financial reporting principles. The more significant of the District's accounting policies are described below:

Financial Reporting Entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Abbeville Harbor and Terminal District. There are no component units of the Abbeville Harbor and Terminal District.

Fund Accounting

The Abbeville Harbor and Terminal District is organized and operated on a fund basis whereby a self-balancing set of accounts (Enterprise Fund) is maintained that comprises its assets, liabilities, fund equity, revenues and expenses. The operations are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the cost (expenses, including depreciation) of providing services on a continuing basis is to be financed or recovered primarily through user charges.

Basis of Accounting

The District has implemented GASB Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. The accounting financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise funds are accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet.

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Enterprise funds use the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. The District's Enterprise fund uses the following practices in recording certain revenues and expenses:

Revenues: Lease rentals are recorded when earned. Ad valorem taxes and state revenue sharing are recorded in the year the taxes are due and payable. Interest income is recorded when earned. All other revenues are recorded when earned.

Expenses: Expenditures are recorded in the period that the liabilities are incurred.

Encumbrance Accounting

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is not employed by the District.

Cash and Interest-Bearing Deposits

Cash represents non interest-bearing demand deposits.

Interest-bearing deposits include interest-bearing demand deposits and short-term time deposits. These interest-bearing deposits are stated at cost which approximates market.

Under state law, the District may deposit funds with a fiscal bank organized under the laws of the State of Louisiana, the laws of any other state in the union or the laws of the United States. Further, the District may invest in time deposits or certificates-of-deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

For the purpose of the statement of cash flows, the District considers only interest-bearing deposits with an initial maturity date of 90 days or less and all non-interest-bearing demand deposits to be cash and cash equivalents.

Fixed Assets

Fixed assets used in the proprietary fund type operations are valued at historical costs. Depreciation of all exhaustible fixed assets used by the proprietary fund type operations is charged as an expense against operations. Fixed assets on the balance sheet are net of accumulated depreciation. Depreciation is computed using the straight-line method based on the estimated useful lives of the various assets as follows:

Machinery and Equipment	5 years
Buildings	30 years
Improvements	20-30 years

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Revenue

Revenues collected during the year ended December 31, 2007 that are not available to finance the operations of the current period are reported as deferred revenues and are recognized as operating revenues in the subsequent period.

Compensated Absences

The District has two full-time employees, but has not adopted a formal policy on vacation and sick leave. Annual vacation and sick leave are granted at the discretion of the Board.

Due to uncertainty of actual amounts, which will be paid for vacation and sick leave, no accruals have been made at December 31, 2007 and 2006 for such absences.

Fund Equity

Restrictions represent those portions of fund equity not appropriable for general expenditures and are legally segregated for specific future use.

Capitalization of Interest Expense

It is the policy of the Abbeville Harbor and Terminal District to capitalize material amounts of interest resulting from borrowings in the course of the construction of fixed assets. There was no interest capitalized during the years ended December 31, 2007 and 2006.

Accounting Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make certain estimates and assumptions. Those estimates affect the reported amounts of assets and liabilities. Accordingly, actual results could differ from those estimates.

NOTE 2 AD VALOREM TAXES

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. These taxes are assessed on a calendar year basis, become due on November 15 of each year and become delinquent on December 31. The taxes are generally collected in December of the current year and January and February of the ensuing year. During the years ended December 31, 2007 and 2006 the District was authorized, and levied, a 2.98 and 2.46 mill ad valorem tax, respectively.

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Notes to Financial Statements

NOTE 3 CASH AND INTEREST-BEARING DEPOSITS

As reflected, the Abbeville Harbor and Terminal District has cash and interest-bearing deposits (book balances) as follows:

	2007	2006
Demand deposits	\$ 583	\$ 62,405
Interest-bearing deposits	<u>1,324,946</u>	<u>1,016,535</u>
Totals	<u>\$ 1,325,529</u>	<u>\$ 1,078,940</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) are secured as follows:

	2007	2006
Bank balances	\$ 1,375,277	\$ 1,152,076
Federal deposit insurance	<u>400,000</u>	<u>400,000</u>
Balance uninsured	975,277	752,076
Pledged securities (category 3)	<u>2,142,851</u>	<u>2,000,933</u>
Excess FDIC insurance and pledged securities over cash and investments	<u>\$ 1,167,574</u>	<u>\$ 1,248,857</u>

Pledged securities in Category 3 includes uninsured or unregistered investments for which the securities are held by the pledging institution, or by its trust department or agent, but not in the District's name. Even though the pledged securities are considered uncollateralized (Category 3) Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

At December 31, 2007, interest-bearing deposits consisted of the following:

	Term	Maturity Date	Interest Rate	Amount
Insured Money Market	N/A	N/A	Various	\$ 823,828
Certificates of Deposit	180 days	6/14/2008	3.45%	201,080
	180 days	6/14/2008	3.53%	150,000
	180 days	6/14/2008	3.54%	<u>150,038</u>
Total				<u>\$ 1,324,946</u>

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Notes to Financial Statements

NOTE 4 PROPERTY PLANT AND EQUIPMENT

A summary of changes in the proprietary fund type property, plant and equipment for the year ended December 31, 2007 is as follows:

	Balance December 31, 2006	Additions	Deductions	Balance December 31, 2007
Land	\$ 930,000	\$ -	\$ -	\$ 930,000
Land improvements	5,049,636	80,000	-	5,129,636
Bulkhead	4,376,432	-	-	4,376,432
Furniture and equipment	35,165	21,524	2,579	54,110
F.W. By Pass	253,486	-	-	253,486
Building and improvements	1,035,878	93,000	-	1,128,878
Boat Launch	567,455	-	-	567,455
Port improvements	98,859	-	-	98,859
	12,346,910	194,524	2,579	12,538,856
Accumulated depreciation	(8,130,250)	2,579	239,239	(8,366,910)
Net property, plant and equipment	<u>\$ 4,216,660</u>	<u>\$ 197,103</u>	<u>\$ 241,818</u>	<u>\$ 4,171,946</u>

NOTE 5 LEASE OF LAND BY DISTRICT

The District is presently leasing five acres of land from Weill Enterprises for a primary period of ten years with the option of renewing the lease for an additional eight successive terms of five years each immediately following the primary term.

The minimum annual commitments under this lease for the primary term are as follows:

2008	\$ 8,640
2009	<u>8,640</u>
Total	<u>\$ 17,280</u>

NOTE 6 LEASE OF LAND AND FACILITIES TO OTHERS

The minimum future rental on noncancelable operating leases of land and facilities to others at the Port of Vermilion are as follows:

2008	\$ 238,698
2009	150,830
2010	133,020
2011	126,237
2012	74,503
Thereafter	<u>264,928</u>
Total	<u>\$ 988,216</u>

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Notes to Financial Statements

NOTE 6 LEASE OF LAND AND FACILITIES TO OTHERS (Continued)

The minimum future rental on noncancelable operating leases of office space at the District Office Building are as follows:

2008	\$ 47,327
2009	32,664
2010	<u>18,000</u>
Total	<u>\$ 97,991</u>

Although the District anticipates all leases will be renewed, the above figures do not reflect the various renewal options provided to the lessees in lease agreements.

NOTE 7 RETIREMENT COMMITMENTS

All employees of the District who are hired on a permanent basis not participating in another public funded retirement system are required to participate in the Louisiana State Employees Retirement System. The District participates in the Parochial Employees' Retirement System of Louisiana.

State statute requires covered employees to contribute 3.00 percent of their salaries to the System. The System requires an employer's contribution for the year ended December 31, 2007 to be equal to 6.00% of each member's salary for wages paid to members. The District's contribution to the System for the years ended December 31, 2007, 2006 and 2005 were \$6,444, \$6,097 and \$5,823 respectively, equal to the required contribution for the year.

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Parochial Employees Retirement System of Louisiana, P.O. Box 14619, Baton Rouge, Louisiana 70898-4619, (225)928-1361.

NOTE 8 POST EMPLOYMENT BENEFITS

The District does not provide any post retirement healthcare or life insurance benefits.

NOTE 9 LITIGATION

There is no litigation pending against the District at December 31, 2007 and 2006.

NOTE 10 COMPENSATION PAID TO MEMBERS OF THE BOARD OF COMMISSIONERS

The commissioners of the District receive no compensation.

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Notes to Financial Statements

NOTE 11 COOPERATIVE AGREEMENT

The District entered into a cooperative agreement with the Vermilion Parish Sheriff Department for water patrol within the District. The District purchased a boat; however, the boat is titled to the Sheriff's Department for liability purposes and the boat will revert back to the District if either the District or the Sheriff does not renew the cooperative agreement. The Sheriff will obtain all licenses for the boat and provide and document regular maintenance of the boat. The District also provides the quarters above the boat house at the Intracoastal Launch for use as a Sheriff's substation. The cooperative agreement is renewed every four years when the Sheriff begins his/her new term of office.

**INTERNAL CONTROL, COMPLIANCE
AND
OTHER GRANT INFORMATION**



Darnall, Sikes, Gardes Frederick.

(A Corporation of Certified Public Accountants)

Eugene H. Darnall, CPA, Retired 1990
Paula D. Bihm, CPA, Deceased 2002

E. Larry Sikes, CPA/PFS, CVA, CFP™
Danny P. Frederick, CPA
Clayton E. Darnall, CPA, CVA
Eugene H. Darnall, III, CPA
Stephanie M. Higginbotham, CPA
John P. Armato, CPA
J. Stephen Gardes, CPA, CVA
Jennifer S. Ziegler, CPA/PFS, CFP™
Chris A. Miller, CPA, CVA
Stephen R. Dischler, MBA, CPA
Steven G. Moosa, CPA
M. Rebecca Gardes, CPA
Pamela Mayeux Bonin, CPA, CVA
Joan B. Moody, CPA
Erich G. Loewer, III, CPA, M.S. TAX
Lauren F. Hebert, CPA
Barbara Ann Watts, CPA

Kathleen T. Darnall, CPA
Barbara A. Clark, CPA
Michelle B. Hanks, CPA
Jeremy C. Meaux, CPA
Kevin S. Young, CPA
Barbara Ann Watts, CPA
Adam J. Curry, CPA
Chad M. Bailey, CPA
Carol C. Guillory, CPA
Christy S. Dew, CPA
Emily J. LeBoeuf, CPA
Rachel W. Ashford, CPA
Dustin R. Buck, CPA
Veronica LeBleu, CPA
Jacob C. Robene, CPA
Tara E. LeBoeuf, CPA

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Commissioners
Abbeville Harbor and Terminal District
Abbeville, Louisiana

We have audited the financial statements of the business-type activities of the Abbeville Harbor and Terminal District as of and for the year ended December 31, 2007 which collectively comprise the District's basic financial statements and have issued our report thereon dated June 10, 2008. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Abbeville Harbor and Terminal District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Abbeville Harbor and Terminal District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Abbeville Harbor and Terminal District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did note a certain matter that we consider to be a control deficiency and a material weakness and is described in the accompanying schedule of findings and questioned costs as item 07-1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Abbeville Harbor and Terminal District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of prior year noncompliance that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and questioned costs as item 06-1.

This report is intended solely for the information of the Board of Commissioners, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Dunnell, Sikes, Gaudes & Frederick

A Corporation of Certified Public Accountants

Abbeville, Louisiana

June 10, 2008

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Schedule of Findings and Questioned Costs
Year Ended December 31, 2007

SECTION 1 SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Auditor's Report

An unqualified opinion has been issued on the Abbeville Harbor and Terminal District's financial statements as of and for the year ended December 31, 2007.

Reportable Conditions – Financial Reporting

Reportable conditions in internal control over financial reporting was disclosed during the audit of the financial statements and is shown as item 07-1 in Section 2, and is considered a material weakness.

Material Noncompliance – Financial Reporting

No instances of noncompliance material to the financial statements was noted during the audit of the financial statements.

FEDERAL AWARDS

Major Program Identification

This section is not applicable for the year ended December 31, 2007.

SECTION 2 FINDINGS RELATING TO THE AUDIT IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

07-1 Segregation of Duties

Finding: Due to the small number of personnel, the Abbeville Harbor and Terminal District did not have adequate segregation of duties within the accounting department.

Recommendation: Based on the size of the operation and the cost benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

SECTION 3 FINDINGS AND QUESTIONED COSTS RELATING TO FEDERAL PROGRAMS

At December 31, 2007, the Abbeville Harbor and Terminal District did not meet the requirements to have a single audit in accordance with OMB Circular A-133; therefore, this section is not applicable.

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Schedule of Prior Year Findings
Year Ended December 31, 2007

06-1 Findings: Segregation of Duties

Status: This finding is unresolved. See current year finding 07-1.

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Corrective Action Plan
Year Ended December 31, 2007

Response to findings:

07-1 Segregation of Duties

Based on the size of the operation and the cost-benefit of additional personnel, it is not feasible to achieve complete segregation of duties.